

Fund Source Report

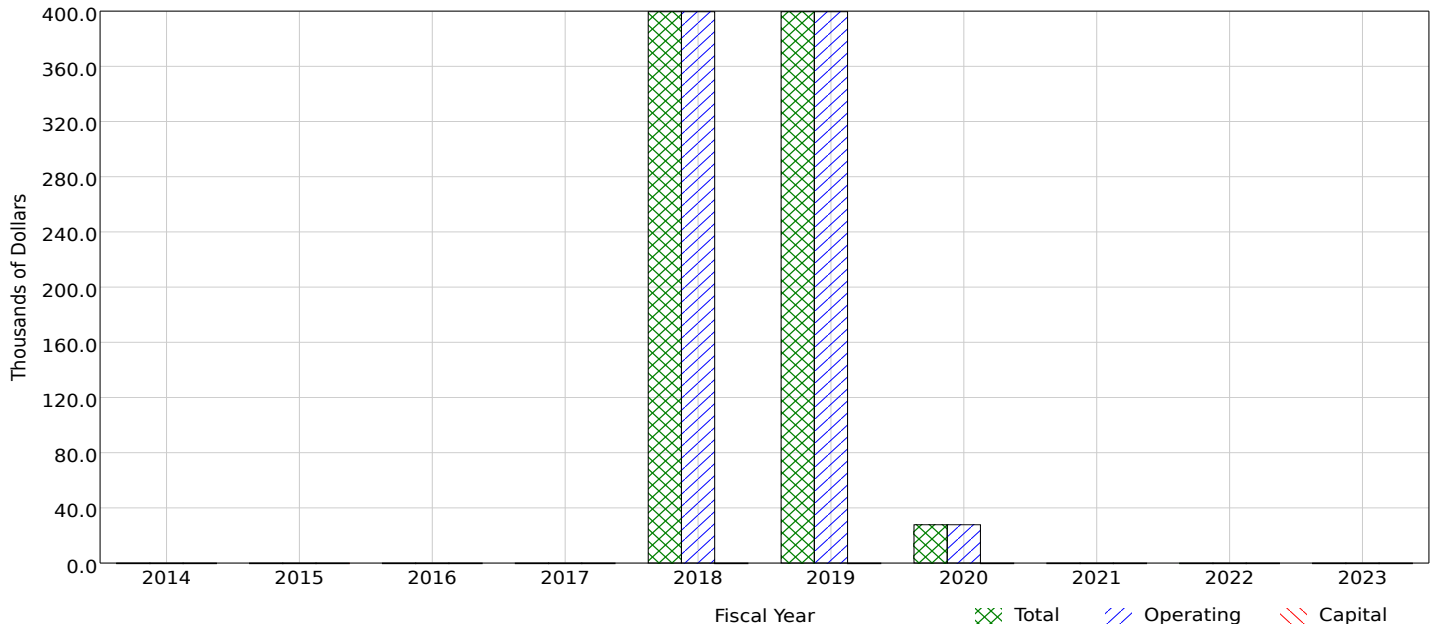
1087

Muni Match

Municipal Capital Project Matching Grant Fund

Year Authorized 1993	Year Repealed	Active? No	Mental Health? No	Duplicated? No	Fund Group Designated General
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Operating and Capital Appropriations



Legal Authority
AS 37.06.010

Source of Revenue

Consists of money appropriated to it by the Legislature. An appropriation is necessary for the fund to retain interest earnings. Encumbrances are reserved, and the remaining balance of the fund is reported as unreserved/undesignated.

Restrictions on Use

Appropriations may be made to individual municipality's grant accounts. The grants are to be used for capital projects, with caps on administrative costs. Money unused after five years lapses to the general fund.

Description and History

This fund was established by Chapter 80, SLA 1993 and capitalized by Chapter 79, SLA 1993. The Department of Commerce, Community and Economic Development is the custodian of the fund. Source of revenue is legislative appropriation. There is an individual grant account for each municipality, with the allocation to accounts determined by population.

The money in the fund shall be held in custody for each municipality. It is the view of the Division of Finance that the state does not have fiduciary responsibility for this fund but actually owns the money in the fund, so it is not a trust fund even though the word "custody" is used in the legislation.

Interest is calculated by the Treasury Division. Although individual accounts have interest credited to them, an appropriation is necessary for the fund to receive the interest earnings.

The purpose of creating the municipal capital project matching grant program/fund is to provide a funding system that is equitable to municipalities throughout the state. The fund was also created to improve the process for making grants for capital projects by providing a more orderly and thoughtful planning process that involves the local community, the executive branch and the legislature.

Each municipality is to submit a prioritized list of capital projects to the Governor. The list must indicate the amount and source of the local share of costs required under AS 37.06.030. Money in the individual grant accounts becomes available to a municipality upon appropriation for a specific project. There is a cap of 10% of project costs for administrative expenses. Money not drawn within five years of an appropriation lapses to the general fund.

The program experienced some technical difficulties from the start: there were problems with crediting interest earnings to grant accounts, the status

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of Indian reserves, and with appropriations from the fund exceeding the amount appropriated to the fund.

The enabling legislation recognized the continued need for state funded capital projects 1) that are of regional or statewide significance, 2) that meet basic needs, such as educational facility projects and village safe water projects, or 3) for which costs will exceed the amount available to a municipality or a community under the capital project matching grant program.

July 2014

The program has not been funded since FY04, and the code was deactivated.